

ICC Docket No. 12-0512
The Peoples Gas Light and Coke Company's Response to
Staff Data Requests BAP 26.01 – 26.02
Dated: January 28, 2013

ICC Staff Cross Exhibit No. 10

REQUEST NO. BAP 26.01:

Referring to NS-PGL Ex. 43.0, Surrebuttal Testimony of John Hengtgen regarding the net operating loss discussed in lines 572 - 580, please provide the following:

- a). Detailed explanation and supporting calculations for the adjustment reflected on NS-PGL Ex. 43.5 N;
- b). Detailed explanation and supporting calculations for the adjustment reflected on NS-PGL Ex. 43.5 P;
- c). Detailed explanations and description of the methodology in support of Mr. Hengtgen's assertion that:

However, the Utilities believe it would be appropriate to reflect a reduction to the NOL deferred tax asset based on the tax impacts of the revenue increase that is granted in the final Order in this proceeding.

Include example calculations that reflect the impact of changes in the rate base to reflect the revenue requirement that is ultimately approved by the Commission in the final calculation of the NOL deferred tax asset for both North Shore and Peoples Gas.

RESPONSE:

- a. The amount on line 5, column (B) in NS-PGL Ex. 43.5N of \$2,147,000 is addressed in the testimony of Utilities' witness John Stabile and support for this amount can be found on NS-PGL Ex. 46.0 WP-3. Support for the amount on line 5, column (C) in NS-PGL Ex. 43.5N of \$2,098,000 can be found on the joint workpaper NS-PGL Ex. 42.2N WP and NS-PGL Ex. 43.5N WP.
- b. The amount on line 4, column (B) in NS-PGL Ex. 43.5P of \$38,597,000 is addressed in the testimony of Utilities' witness John Stabile and support for this amount can be found on NS-PGL Ex. 46.0 WP-3. Support for the amount on line 4, column (C) in NS-PGL Ex. 43.5P of \$66,341,000 can be found on the joint workpaper NS-PGL Ex. 42.2P WP and NS-PGL Ex. 43.5P WP.
- c. In its surrebuttal filing, the Utilities did not reflect the reduction to the NOL deferred tax asset based on experience with this issue in their last rate case (Docket No. 11-0280/11-0281 cons). In that case, in its rebuttal filing, the Utilities reflected the NOL deferred tax asset based on the proposed rates meaning the deferred tax asset was reduced for the tax impacts of the full amount of the revenue increase. Staff's rebuttal filing in that case reduced the amount of the revenue increase but did not reflect a consistent change in the NOL deferred tax asset. In order to avoid an issue in the final order, in that case the Utilities filed its surrebuttal testimony with the NOL at present rates and not at proposed rates similar to what it has done in this

OFFICIAL FILE
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Staff X
Witness John Hengtgen
Date 2/1/13 Reporter JH

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proceeding. (See NS-PGL Ex. 40.0, pages 14 – 15 in Docket No. 11- 0280/11-0281 cons)

See Peoples Gas' response to BAP 26.02 Attach 02 for the change that is required to the NOL deferred tax asset to include Peoples Gas' proposed revenue increase in surrebuttal. The federal tax impact related to the rate increase ultimately approved by the Commission would replace the amount of the federal tax impact of the rate increase included in PGL BAP 26.02 Attach 02.

See North Shore's response to BAP 26.02 Attach 02 for the change that is required to the NOL deferred tax asset to include North Shore's proposed revenue increase in surrebuttal. The federal tax impact related to the rate increase ultimately approved by the Commission would replace the amount of the federal tax impact of the rate increase included in NS BAP 26.02 Attach 02.